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Travel firms are riding high on the post pandemic growth in domestic and international tourism and are taking this opportunity to list on the bourses. Last week, airport quick service restaurant player Travel Food Services listed on BSE to raise ₹2,000 crore. On the other hand, Cordelia Cruise Operator Waterways Leisure Tourism had filed its draft red herring prospectus with the Sebi last month for an initial public offering (IPO) of ₹727 crore. AKSHARA SRIVASTAVA & GULVEEN AULAKH write

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Tourism boom, rising spend give wings to travel firms' IPO plans

AKSHARA SRIVASTAVA & GULVEEN AULAKH
New Delhi, 18 July

Travel companies are riding high on the post pandemic growth in domestic and international tourism and are taking this opportunity to list on the bourses. Last week, airport quick service restaurant player Travel Food Services listed on the bourses, raising ₹2,000 crore.

On the other hand, Cordelia Cruise Operator Waterways Leisure Tourism had filed its draft red herring prospectus (DRHP) with the Securities and Exchange Board of India (Sebi) last month for an initial public offering (IPO) of ₹727 crore. The closely-connected hospitality industry is also expected to see a flurry of IPOs this year. LaRiSa Hotels and Resorts, for instance, has filed DRHP for an IPO expected to take place within a quarter.

"We're planning to raise ₹45 crore. Equity dilution is about 25 per cent. Documents have been filed with Sebi and we're awaiting approval," Randhir Narayan, director at LaRiSa, told *Business Standard*.

India's own economic growth amid global uncertainties, the expanding middle class and a younger demographic tourism surge are all aiding growth of the travel and hospitality sectors.

Bengaluru-based Brigade Enterprises has filed for a ₹900 crore public issue for its hospitality arm, Brigade Hotel Ventures. Prestige Group is looking to raise ₹2,700 crore via listing Prestige Hospitality Ventures, including a possible ₹340 crore pre-IPO placement. Lemon Tree Hotels is preparing to take its subsidiary, Fleur Hotels, public by FY29.

Priya Thakur, director at LaRiSa, which owns a mix of owned resorts, leased and managed hotels, said that while the discretionary spend among consumers had risen, there was more demand for experiential travel. This has prompted several hotel chains to provide better quality of services.

"Share of wallet is increasingly shifting towards consumer-related services, and travel is among the few sectors which have a strong long-term outlook. This would explain why companies are increasingly moving towards IPOs and raising money to expand operations," a senior sector expert told *Business Standard*. Apart from the economic tailwinds, prior successful IPOs within the travel industry have also paved the way for newer companies. While MakeMyTrip was the first to list, it did so on NASDAQ in 2010 raising \$68 million, and is now valued at \$8.5 billion.

EaseMyTrip, through its parent company Easy



Trip Planners Ltd, raised ₹510 crore in 2021. Its market cap is ₹3,767 crore. More recently, Le Travenues Technology Ltd, the parent of travel aggregator Ixigo, raised ₹740 crore in June last year, while its

Major listings in recent years				
Figures for FY25, in ₹ crore				
Company	Net sales	PAT	Mcap*	Listing date
TBO Tek	1,737.5	229.9	15,447.2	May 15, 2024
Le Travenues	914.3	60.2	8,369.8	Jun 18, 2024
Easy Trip Planners	587.3	107.4	3,802.8	Mar 19, 2021
Yatra Online	791.4	36.6	1,441.3	Sep 28, 2023

Note: PAT: Profit after tax, Mcap: Market capitalisation
*As on July 17
Source: Capitaline

current market cap is ₹8,484 crore. Yatra Online, SOTC, Thomas Cook India are among other listed players. Cordelia Cruises, the sole domestic cruise operator, for instance, plans to use proceeds from the IPO towards lease payments for cruise vessels, with which it plans to expand operations.

For this, the company has acquired, on lease, two new cruise vessels – Norwegian Sky and Norwegian Sun – with a capacity of 2,004 and 1,936 guests, respectively. It intends to introduce cruises on Norwegian Sky by FY26, and Norwegian Sun by FY27 to meet the growing demand. "These increases in ca-

capacity may cause us to experience reduced occupancy and engage in discounted pricing, which could adversely affect our business," it stated in the DRHP. Further, it is not just domestic and outbound travel. Foreign tourist arrivals into the country are set to pick up, driven by business travel and enabled by policies like e-Visas.

For Travel Food Service, which listed on BSE on July 14, taking its market cap to ₹15,013 crore, increasing travel meant a higher number of footfall across its 37 airport lounges and majority of its 442 quick service restaurants. These are operated across 18 airports in India, Malaysia, and Hong Kong.

According to a report by CRISIL on Assessment of Indian travel QSR and global lounges industry, commissioned by TFS, Delhi International Airport and GMR Hyderabad International Airport, saw their food and beverages (F&B) revenue rising at a 15 per cent compound annual growth rate (CAGR) between FY19 and FY25. This segment forms 8-10 per cent of the total non-aeronautical revenue.

Further, the Indian airport travel QSR industry achieved a CAGR of 16 per cent between FY19 and FY25, with more than double growth of per passenger spend from ₹1,600 crore in FY19 to ₹3,700-3,900 crore in FY25.